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STATE FOR EAP/ANP AND EAP/RSP; STATE PLEASE PASS TO JEFF HENSEL AT USAID/OFDA; PACOM FOR STEVE MELLINGER

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SUBJECT: NEW ZEALAND, ASEAN AND THE ARF DISASTER RELIEF EXERCISE

REF: A. A) STATE 123211
¶B. B) STATE 122937

Classified By: Pol/Econ Counselor Margaret McKean; Reason 1.4 (b) and (d)

(C) 1. Summary. New Zealand is interested in the ARF Disaster Relief Exercise but will not make a final decision on participation until it receives a formal invitation from the Thai government. The GNZ believes that financial issues will dominate the upcoming ASEAN meetings in Thailand, where New Zealand, Australia, and ASEAN are scheduled to sign a Free Trade Agreement (FTA) on December 17. An MFAT official suggested a possible meeting of the ASEAN Ambassadors from the U.S., New Zealand, Japan, and Australia in Chiang Mai may be useful to discuss issues of overlapping interest and those outlined in reftel A. End summary.

ARF Disaster Relief Exercise

¶2. (C) Pol/Econ Counselor met on November 25 with Tim McIvor of the Asia Division to discuss the ARF disaster relief exercise in the Philippines as well as the upcoming ASEAN summits. On the ARF exercise, McIvor noted that the GNZ had heard about the exercise in Singapore when it was discussed by USG and Philippine government officials. Both MFAT and MOD officials agree that the exercise is a good idea, and sent forward a policy recommendation within Defense House for consideration. The policy recommendation, according to McIvor, included a suggestion for a C-130 deployment and an engineering team. McIvor stressed that the exercise is attractive to New Zealand because it represents the first time ARF would deploy assets rather than engage in tabletop exercises. However, senior NZDF officials are reluctant to sign off on the recommendation until the Thai government issues a formal invitation. (Comment: Before approaching MFAT, PE Counselor contacted the Philippine Embassy regarding their role to date in informing the GNZ of the exercise; the Philippine Embassy was unaware of the exercise. End Comment.) McIvor urged the USG to keep the GNZ informed as planning progresses; McIvor indicated that USG specific requests to GNZ officials may help to focus the incoming government's attention on the exercise and ensure a positive response. McIvor said that New Zealand agrees that the ARF should shift towards being a more action-oriented organization. Disaster relief is discussed within a variety of East Asian fora, including APEC and EAS, he said. In McIvor's opinion, however, ARF is ideally suited to play that role.

ASEAN Summits

¶3. (C) On ASEAN, McIvor said that the financial crisis -- which dominated the recent APEC meetings -- would likely continue as the main theme in the upcoming ASEAN summits. Although the Thai government had earlier selected disaster management for consideration, the financial crisis is expected to take over as the key theme of the meetings.

McIvor mentioned that the financial crisis was discussed at a Senior Officials Meeting (SOM) in Thailand a couple weeks ago, and a number of countries proposed a standalone statement from ASEAN on this issue. Australia has done a draft that is circulating among EAS members and will be discussed next week in Tokyo by deputy Finance Ministers.

McIvor anticipates four elements in such a statement: political intent to do something about the financial crisis, underscoring the seriousness of the issue; support for the Doha round of trade talks; reform of the global financial institutions, and the under-representation of Asia in the IFIs; and an EAS-specific initiative to support capacity building on regional finance issues. New Zealand PM John Key and Foreign Minister Murray McCully will likely attend the EAS; Trade Minister Tim Groser is expected to go to Geneva for WTO meetings, said McIvor.

¶14. (C) McIvor said that the GNZ is disappointed that the EAS schedule is compressed but understands that the government of Thailand is constrained by the domestic political situation. McIvor discussed trade agreements under consideration within the EAS -- both the ASEAN plus three and ASEAN plus six Track 2 studies that are underway. New Zealand, Australia, and ASEAN are prepared to sign an FTA on December 17, which New Zealand hopes will be the basis for a future EAS-wide FTA.

¶15. (C) McIvor noted that regional human rights issues have been largely displaced as a result of the attention on the financial crisis. He does not anticipate there will be much discussion of Burma or Fiji at the meetings, although there is likely to be mention of the DPRK and Afghanistan. Other ambassadors accredited to ASEAN from Japan, Australia and New Zealand (Philip Gibson from Indonesia) will be in Chiang Mai, and McIvor offered that it may be useful for them to meet with US Ambassador Scot Marciel. McIvor added that the ASEAN Human Rights Body that is provided for in the ASEAN Charter will be discussed during the meetings in Thailand.

New Zealand and ASEAN in the Future

¶16. (C) In terms of future goals, New Zealand will press for a regular NZ-ASEAN summit, which McIvor noted was included in MFAT transition papers for the new National Government. New Zealand held an ad hoc summit with ASEAN in 2005 in Vientiane during the 30th anniversary of New Zealand-ASEAN relations. New Zealand has discussed the concept at officials levels, and now that ASEAN is moving to two summits per year, it may be easier to wrap a NZ-ASEAN summit into the schedule by perhaps meeting every other year. New Zealand and Australia are both seeking to join the Asia Europe Meeting (ASEM), said McIvor. Australia was the first to pursue ASEM membership, and the New Zealand government will be considering a pros/cons paper, he added. If membership is opened to Australia, New Zealand should also move in that direction, said McIvor, although he added that ASEM would add another layer of meetings to an already crowded regional schedule. New Zealand will watch closely how Australian PM Rudd's proposal for an Asia Pacific Community resonates with ASEAN, as McIvor views such a construct as possibly threatening to ASEAN's central role in the EAS. The APC could shift the center of gravity away from ASEAN, which McIvor anticipated would generate resistance from some ASEAN states.

¶17. (SBU) Comment: McIvor, who will be in Chiang Mai for the ASEAN meetings, is leaving Wellington after Thailand to assume the New Zealand ambassadorship in Dili, Timor Leste. He has been an exceptionally helpful colleague and strong advocate for improved US-NZ bilateral relations.